

2003 ANNUAL REPORT OF EXEMPT ORGANIZATIONS ISSUING CHARITABLE GIFT ANNUITIES

For Report Year 2003 you will find Washington's "Annual Report for Exempt Organizations issuing Gift Annuities" on our internet site. To download this form, go to www.insurance.wa.gov, then to "insurers", then to "annual statements". You may then save the downloaded form to your hard drive for completion.

Per RCW 48.38.010(10) your Organization must submit its Annual Report (including Actuarial Certification and filing fee) on or before March 1.

You will note several changes and clarifications from last year's Report and instructions, intended to make filing easier for the both of us. You should be able to "tab" through the Report document and enter necessary information. The Report will additionally generate a Report fee routing slip with the proper amount for submission. *Please note the form and fee must be submitted separately to different OIC addresses.*

Forward your completed submission (other than the fee) to:

Mailing address:

Office of the Insurance Commissioner
P.O. Box 40259
Olympia, WA 98504-0259

Delivery (Street) Address:

Office of the Insurance Commissioner
5000 Capitol Blvd.
Tumwater, WA 98501

Please note: For purposes of statutory compliance, a document is legally considered received if postmarked by the US Postal Service on or before March 1. If a carrier other than USPS is used, a document is considered received upon physical delivery. Please also note that the USPS will only accept the POB Mailing address, and does not allow other shippers to use the POB address. All non-USPS shippers must use the Street Address.

Use of an incorrect address may result in your submission being returned by the shipper.

Mail the fee, along with the routing slip, to:

Office of the Insurance Commissioner
Accounting Section
P.O. Box 40257
Olympia, WA 98504-0257

If desired, the fee may be shipped (non-USPS) to the street address above.

Necessary Information for Meeting Annual Filing Requirements

Please note that this information replaces and supercedes all previous filing instructions and exemptions that you may have received from this office. If you have questions regarding the filing information, instructions, or requirements, please contact either Jim Tompkins (360-725-7218 or Jimt@oic.wa.gov) or Kris Graap (360-725-7206 KrisG@oic.wa.gov) ***prior to any deadline.***

Filing Terminology For reference, the term:

- “Actuarial Certification” is a Prescribed Statement of Actuarial Opinion, issued by a qualified Actuary (as defined in statute.)
- “Chapter” refers to Chapter 48.38 RCW pertaining to Charitable Gift Annuities.
- “Exempt Organization” refers to a holder of a Certificate of Exemption issued by the Washington Office of the Insurance Commissioner, and has met the statutory requirements of the Washington Insurance Code. Without this Certificate, an Organization cannot legally solicit or issue Gift Annuity contracts to Washington residents.
- “Report” refers to the annual “Washington Annual Report for Exempt Organizations issuing Gift Annuities”, combined with the Actuarial Certification and filing fee, all required under RCW 48.38.010(10).
- “Audited Statement” refers to your Audited Financial Statement issued by an independent Certified Public Accountant (CPA).

Important Dates:

1. February 15: Last day to request an exemption from the Report calendar year requirement.
2. March 1: Last day to file the Report. *Please note that this date is imposed by statute, and cannot be extended or waived.*
3. 120 days past your fiscal year end: The last day to submit a copy of your Audited Statement, or to notify us of when the Audited Statement is expected.
4. 15 days past filing with the IRS: The last day to submit a copy of your IRS 990 if not specifically exempt.

Report Requirements:

- Must be completed on a calendar year basis, unless exempted specifically for that year. *Please note that we do not give blanket or continuing exemptions under any circumstances.* Any exemption granted will apply only to the Balance Sheet and Income/Expense Statement (and not to the Reserve Fund or General Interrogatories sections.)
- Must be submitted only for the Organization holding the Certificate of Exemption to Issue Annuities. The financial information of a parent, affiliate, subsidiary or division of your Organization *is not acceptable*. Neither is financial information which is combined with that of a parent, affiliate or subsidiary.
- Must be completed in its entirety. Partial information – such as “regional data,” “operating fund only,” or “annuity fund only” *is not acceptable by itself*.
- Omitted, delayed responses or partial sections of the Report *are not acceptable*.

Other Report information:

- The Balance Sheet and Income/Expense Statement can be unaudited. If it is unaudited, please check the “preliminary data” box in that section. If a *material* change occurs within your Balance Sheet or Income/Expense Statement, you may submit an amended page, along with an explanation.
- The Reserve Fund exhibit shows the yearly activity and ending balance for the separate Reserve Fund required by RCW 48.38.020(1). It is not a Liability Fund Balance. This Reserve Fund exhibit should report all assets within the fund, not just the Washington portion.

(NOTE: The State of California generally requires CA contract reserves be segregated within a separate fund. If your Organization maintains a separate CA fund, we specify that your Reserve Fund exhibit report the “non-CA” activity. This should then be supported by a “non-CA” Actuarial Certification.)

Additional Documentation needed: In addition to your fully completed Annual Report, your Organization will need to submit each of the following:

- A. A separate in-force listing of all Washington State annuitants as of 12/31/2003, including agreement number, name, age and gender of the annuitant, date of issue, type of annuity, annual payment, payment interval, table and rate of interest used, and the end of the year reserve.
- B. A copy of the Bank/Brokerage Statement(s) verifying the ending balance of the Reserve Fund.

The following items are due at different times throughout the year.

- C. A complete copy of your last Audited Statement, within 120 days of the end of your fiscal year. Please note that if a consolidated statement is furnished, it will be acceptable only if it includes a supplemental schedule for each entity including the Exempt Organization. *Please also note that your Audited Statement should disclose the liability for annuity contracts on a separate line, or an explanation within the Statement Notes.*
- D. A complete copy of your Organization IRS tax return (Form 990) for the reported fiscal year, within 15 days after filing with the IRS. If your Organization is not required to file with the IRS, please furnish a letter of explanation in lieu of the yearly 990 filing. If your Organization is permanently exempt from filing the IRS 990, a one-time letter will be sufficient.

Reminders:

1. If there are changes to your Organization's name, its Directors or Officers, its address, Contact Person(s) responsible for Report Preparation, please notify our Office promptly.
2. If there is any change, addition, or deletion of the annuity forms on file with this Office, please remember that RCW 48.38.010(9) *requires* prior approval before a form can be used. The form review and approval process generally is completed within 30 days.
3. An incomplete Report is not considered to be filed as required by statute until all components have been submitted as, and in the manner required. For example, until all pieces have been submitted correctly, the Report does not meet the March 1 deadline. As a statutory violation, that Organization is subject to fine, suspension and/or revocation of its Certificate.

Seven Common Filing Errors – please double-check your report!

- A supporting exhibit is missing.
- The Report references an attached document in lieu of completion. While you may furnish an attached document in support, all Report entries must be completed.
- The Report form was modified to give information other than that expected.
- The Report values do not agree with corresponding values from the previous year
- Values are stated in 000's, without so indicating.
- The number of annuity contracts varies from that as stated within the Actuarial Certification.
- The Balance Sheet/Income Statement is not segregated by Net Assets into Unrestricted, Temporarily Restricted, and Permanently Restricted categories as required.

A final note:

The following will most likely result in disciplinary action by our Office:

1. Late filings – Your Report is due on or before March 1. As previously stated, this includes the Form, Actuarial Certification, and fee payment.
2. The Actuarial Certification is not filed as a Prescribed Statement of Actuarial Opinion. As a legal document it must be originally signed – no photocopies or facsimile signatures.
Please note: The use of actuarially-based computer programs and non-Actuaries (even if well-versed in financial matters) is not acceptable. Purporting oneself as an Actuary, without the proper qualification, is a violation of law in Washington State.
3. The Annual Report is incomplete or is improperly prepared. Also a legal document, it must be originally signed – no photocopies or facsimile signatures.

Again, if you have questions regarding the filing information, instructions, or requirements, please contact either Jim Tompkins (360-725-7218 or Jimt@oic.wa.gov) or Kris Graap (360-725-7206 KrisG@oic.wa.gov).

Thank you for your help in submitting a correct and proper filing!